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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

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BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

Application Number: 09/852,501
Filing Date: May 10, 2001
Appellant(s): BLESER ET AL.

Oliver T. Ong
For Appellant

SUPPLEMENTAL EXAMINER'S ANSWER

This is in response to the appeal brief filed 9/28/2006 appealing from the Office action mailed 3/10/2005.

This Supplemental Examiner's Answer contains a new ground of rejection set forth below.

Appellant must within **TWO MONTHS** from the date of this Supplemental Examiner's Answer exercise one of the following two options to avoid *sua sponte* **dismissal of the appeal** as to the claims subject to the new ground of rejection:

(1) **Reopen prosecution.** Request that prosecution be reopened before the primary examiner by filing a reply under 37 CFR 1.111 with or without amendment, affidavit or other evidence. Any amendment, affidavit or other evidence must be relevant to the new grounds of rejection. A request that complies with 37 CFR 41.39(b)(1) will be entered and considered. Any request that prosecution be reopened will be treated as a request to withdraw the appeal.

(2) **Maintain appeal.** Request that the appeal be maintained by filing a reply brief as set forth in 37 CFR 41.41. Such a reply brief must address each new ground of rejection as set forth in 37 CFR 41.37(c)(1)(vii) and should be in compliance with the other requirements of 37 CFR 41.37(c). If a reply brief filed pursuant to 37 CFR 41.39(b)(2) is accompanied by any amendment, affidavit or other evidence, it shall be treated as a request that prosecution be reopened before the primary examiner under 37 CFR 41.39(b)(1).

Extensions of time under 37 CFR 1.136(a) are not applicable to the TWO MONTH time period set forth above. See 37 CFR 1.136(b) for extensions of time to reply for patent applications and 37 CFR 1.550(c) for extensions of time to reply for ex parte reexamination proceedings.

(1) Real Party in Interest

A statement identifying by name the real party in interest is contained in the brief.

(2) Related Appeals and Interferences

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

(3) Status of Claims

The statement of the status of claims contained in the brief is correct.

(4) Status of Amendments After Final

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

(5) Summary of Claimed Subject Matter

The summary of claimed subject matter contained in the brief is correct.

(6) Grounds of Rejection to be Reviewed on Appeal

The appellant's statement of the grounds of rejection to be reviewed on appeal is correct. The changes are as follow. Claims 1-18 are now rejected under 35 U.S.C. 101.

NEW GROUND(S) OF REJECTION

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-18 are rejected under 35 U.S.C. 101. Based on Supreme Court precedent and recent Federal Circuit decisions, the Office's guidance to examiners is that a § 101 process must (1) be tied to a machine or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. In re Bilski et al, 88 USPQ 2d 1385 CAFC (2008); Diamond v. Diehr, 450 U.S. 175, 184 (1981); Parker v. Flook, 437 U.S. 584, 588 n.9 (1978); Gottschalk v. Benson, 409 U.S. 63, 70 (1972); Cochrane v. Deener, 94 U.S. 780,787-88 (1876).

An example of a method claim that would <u>not</u> qualify as a statutory process would be a claim that recited purely mental steps. Thus, to qualify as a § 101 statutory process, the claim should positively recite the other statutory class (the thing or product) to which it is tied, for example by identifying the apparatus that accomplishes the method steps, or positively recite the subject matter that is being transformed, for example by identifying the material that is being changed to a different state.

Here, appellant's method steps fail the first prong of the new Federal Circuit decision since they are not tied to a machine and can be performed without the use of a particular machine. Thus, claims 1-18 are non-statutory since they may be performed within the human mind.

The mere recitation of a machine in the preamble with an absence of a machine in the body of the claim performing a function fails to make the claim statutory under 35 USC 101. Note the Board of Patent Appeals Informative Opinion Ex parte Langemyer et al.

(7) Claims Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) Evidence Relied Upon

6,473,500	RISAFI ET AL.	10-2002
6,193,155	WALKER ET AL.	02-2001

(9) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claim Rejections - 35 USC § 103

1. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Claims 1-18 are rejected under 35 U.S.C. 103(a) as being unpatentable over Risafi et al (US Patent No. 6,473,500) in view of Walker et al (US Patent No. 6,193,155).

As per claims 1, 7, 12, 14 and 17, Risafi et al disclose a system and method for selling a giftcard at a store location of a first retailer for use at a second retailer (see column 5, lines 17), the method comprising:

Displaying a plurality of non-activated giftcards in the store location of the first retailer (column 10, lines 32-51; column 16, lines 11-33 and column 18, lines 43-59);

Activating a selected one of the displayed giftcards upon receipt of a purchase amount from a customer (column 10, lines 32-51; column 16, lines 11-33 and column 18, lines 43-59);

Forwarding information pertaining to the selected giftcard to a processor or server computer associated with the second retailer (column 16, lines 11-33) (the TELCO is a second retailer);

Transferring proceeds from the first retailer to the second retailer, the proceeds including at least a portion of the purchase amount (column 16, lines 11-30; column 11, line 58 to column 12, lines19).

An activation record is maintained by the PDC. Note column 13, lines 54-63; column 8, lines 15-21 and column 7, lines 30-43.

Appellant argues that Risafi et al do not explicitly teach a giftcard..

These are cards that are useable by a user to use in performing a financial transaction. Whether or not a giftcard is stated in Risafi et al., the Examiner notes that the giftcard as claimed or the card described in Risafi et al are used in the same manner for performing a financial transaction.

Risafi et al do not explicitly teach or suggest designating a second retailer with whom the giftcard may be exclusively used. Walker et al disclose a method and apparatus for issuing and managing gift certificates. See the abstract. In so doing, Walker et al teach that a user purchasing the giftcertifcate may select merchants or retailers in which the gift recipient may use the gift certificate. Appellant is directed to column 5, lines 25-38 of Walker et al.

It would have been obvious to one of ordinary skill in the art the time the invention was made to incorporate the teachings of Walker et al into Risafi et al in order to allow a plurality of

merchants to participate in the overall system which would benefit both purchasers and retailers, thereby making the system attractive to all users.

As per features that the giftcards are disposable cards, Risafi et al do not explicitly teach their cards or giftcards are disposable giftcards. Walker et al disclose that the gift certificate may be a single use financial instrument, thus meeting features of a disposable financial instrument. See column 8, lines 6-64 of Walker et al.

Incorporating a disposable giftcard as taught by Walker et al in the system of Risafi et al would have been obvious to one of ordinary skill in the art in order to allow better accounting control of the giftcards or gift certificates.

As per claims 2 and 8, Risafi et al disclose calculating a revenue share of the purchase amount for the first retailer. See column 11, lines 58-64 and column 9, lines 44-50.

As per claims 3 and 9, the giftcard has a preset credit value. Note column 9, lines 42-46 and column 10, lines 33-38.

As per claim 4, the giftcards are displayed at the first retailer, each set of giftcards being redeemable at a different second retailer. See column 16, lines 11-15; column 17, line 65 to column 18, line 3 of Risafi et al.

As per claim 5, the processor is provided by the second retailer (which is the TELCO processor), see column 16, lines 11-33 of Risafi et al.

As per claim 6, the processor is provided by a third party associated with the second retailer which is the PDC (see column 16, lines 11-33 and column 10, lines 44-49.

As per claim 10, the claimed "plurality of second retailers comprises an outside retailer consortium" is read as a plurality of merchants where goods and services are sold/provided. See column 17, line 65 to column 18, line 3 of Risafi et al. The claimed "and in which the processor is provided by the outside retailers consortium" is read as the processors of the second retailers or the TELCO. Note also column 16, lines 11-33 of Risafi et al.

As per claim 11, the claimed "plurality of second retailers comprises an outside retailer consortium" is read as a plurality of merchants where goods and services are sold/provided. See column 17, line 65 to column 18, line 3 of Risafi et al. The claimed "and in which the processor is provided by a third party associated with the outside retailers retailer" is read as the PDC. Note also column 16, lines 11-33 and column 10, lines 44-49 of Risafi et al.

As per claim 13, the first retailer comprises a first retail chain, and wherein the second and different retailer comprises a second retail chain. Note column 17, line 65 to column 17, line 3 and column 10, lines 51-54 of Risafi et al.

As per claim 15, the activation record is accessible by the third party. See column 13, lines 54-63; column 8, lines 15-21 and column 7, lines 30-43.

As per claim 16, the giftcard is provided by the first retailer, see column 18, lines 44-60 and column 16, lines 11-33 of Risafi et al.

As per claim 18, the giftcard is associated with at least one store location of a plurality of additional and different retailers, the processor accessible by the plurality of additional and different retailers, and wherein the portion of the purchase amount is available for transfer from the first retailer to a selected one of the plurality of additional and different retailers. (column 16, lines 11-30; column 11, line 58 to column 12, lines19).

Appellant's representative argues that Risafi et al and Walker fail to teach or suggest the claimed invention. The Examiner disagrees and asserts that Risafi et al is clearly directed to a system and method for purchasing a giftcard. In Walker, the user or purchaser selects the merchants or retailers in which the gift recipient may use the gift certificate. The selected merchants or retailers are similar to the claimed plurality of designated second retailers. Appellant's argument that in the Walker reference, the gift recipient is the entity selecting or designating second retailers to use or redeem the gift recipient teaches away from the claimed invention and concludes that such teaches away from the claimed invention is not convincing. The entity designated the selected second retailers is not an inventive concept which should be accorded a patentable difference. Furthermore, in the independent claims, it is not recited which entity (the purchaser or recipient of the giftcard) is designating the second retailers to with whom the giftcard may be exclusively used. The claim merely recites "designating a second retailer with whom the giftcard may be exclusively used". It is not specifically recited which entity is performing the designating step or function.

Appellant has cited numerous court decisions in support of the above noted assertion and further states that Risafi and Walker are improper combination.

In response to appellant's argument that there is no suggestion to combine the references, the examiner recognizes that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge

generally available to one of ordinary skill in the art. See *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988)and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992).

In this case, Risafi et al disclose a system and method for selling a giftcard at a store location of a first retailer for use at a second retailer (see column 5). Walker et al teach that a user purchasing the giftcertifcate may select merchants or retailers in which the gift recipient may use the gift certificate. Appellant is directed to column lines 25-58 of Walker et al. Combining Risafi et al with Walker et al would have resulted the claimed invention as noted above.

In response to appellant's argument that the references fail to show certain features of appellant's invention, it is noted that the features upon which appellant relies are not recited in the rejected claim(s). Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

Appellant then argues that neither Risafi nor Walker are concerned with designating a second retailer at which the gif card user may redeem the giftcard nor an entity activating a selected one of the displayed giftcards for exclusively use with the designated second retailer upon receipt of a purchase amount from a customer. Appellant further states that in their system, redemption is not contingent on the existence of a valid credit account as recited in Walker.

In response, the entity performing a specific function is not recited in the claims. See the above noted arguments. Also, the process of redeeming the amount on the giftcard or the giftcard is not recited in the claims. Claims 6, 10 and 15 recite the server computer is associated with the second retailers. However, the claims do not detail how the server computer

is "being associated" with the second retailers. Thus, many possible scenarios exist. Thus, the combination of Risafi and Walker meet this limitation.

35 U.S.C. 101 reads as follows:

> **Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.**

Claims 1-18 are rejected under 35 U.S.C. 101. Based on Supreme Court precedent and recent Federal Circuit decisions, the Office's guidance to examiners is that a § 101 process must (1) be tied to a machine or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. In re Bilski et al, 88 USPQ 2d 1385 CAFC (2008); Diamond v. Diehr, 450 U.S. 175, 184 (1981); Parker v. Flook, 437 U.S. 584, 588 n.9 (1978); Gottschalk v. Benson, 409 U.S. 63, 70 (1972); Cochrane v. Deener, 94 U.S. 780,787-88 (1876).

An example of a method claim that would <u>not</u> qualify as a statutory process would be a claim that recited purely mental steps. Thus, to qualify as a § 101 statutory process, the claim should positively recite the other statutory class (the thing or product) to which it is tied, for example by identifying the apparatus that accomplishes the method steps, or positively recite the subject matter that is being transformed, for example by identifying the material that is being changed to a different state.

Here, appellant's method steps fail the first prong of the new Federal Circuit decision since they are not tied to a machine and can be performed without the use of a particular machine. Thus, claims 1-18 are non-statutory since they may be performed within the human mind.

The mere recitation of a machine in the preamble with an absence of a machine in the body of the claim performing a function fails to make the claim statutory under 35 USC 101. Note the Board of Patent Appeals Informative Opinion Ex parte Langemyer et al.

(10) Response to Argument

Appellant argues that Risafi et al fail to teach or suggest a first retailer and designating a second retailer where the card can be used exclusively.

In response, the Examiner refers the appellant to column 3, lines 55-57 ad column 6, and lines 48-57 where it is stated that an agent or a point of sales is selling the card. Specifically is it stated on column 6, lines 48-576 that:

"a consumer purchases a prepaid card either at a point-of-sale location (merchant), at an ATM, at any designated/approved card dispensing device, or from a card issuer or designated agent of the card issuer. The consumer then selects a PIN for the purchased card. The terminal then transmits the card identification data, PIN, and initial balance amount to the central processing center by any approved transmission medium or method, and the processing center sets up a card account comprising the received transmitted data."

Here, the merchant or point of sales is the similar to the claimed first retailer.

As per the claimed "second retailer" or designating a second retailer with whom the card may be exclusively used", the Appellant is referred to column 6, lines 65-67 of Risafi et al. Also, on column 4, lines 7-11, it is stated "The card user is able to use the card at any terminal or

other designated device connected through a network to the processing center to buy goods and services, to withdraw cash, and to add value to the card.". Here the approved establishments, ATM's, or merchants or designated devices connected to the network of Risafi et al are similar to the claimed "Second retailer" where the card can be exclusively used to buy goods or services.

Appellant states that it is confusing as to how the Office can view a telephone services provider as a retailer, much less as the second retailer as claimed. Appellant states that "it is not reasonable to equate the term services provider (which sells services, but not goods) to the term retailer (which sells goods but not services). Appellant states that the Office action has not addressed this issue and that there is no basis to equate "services provider" with "retailer".

In response, it appears that the appellant is providing trivial arguments. The Teleco is indeed a retailer that sells goods and provides services. As such a telephone company usually sells telephones and telephone accessories and provides telephone services enabling telephone communications to a customer. The passage that the Examiner had referred the appellant relates to a "designated merchant or provider of goods/services as being a Teleco or a telephone company. This is one of a plurality of designated second retailers that a user of the card of the system of Risafi can exclusively use the card to buy goods or services. Apparently, the Appellant does not like the notion of a designated merchant or retailer being a retailer. Since a plurality of approved or designated merchants are connected to the network of Risafi et al where the card user can exclusively use their card, it would have been apparent that not all of these merchants are TELECO, and thus some of these merchants sell goods or services which are not

telephones or telephones communications or telephone accessories. Thus, some of these merchants are viewed as "second designated retailers" where the cards can be exclusively used.

Appellant then states that "If the telephone company is a second retailer, how is one supposed to withdraw cash from the telephone company? "..

In response, it is the card that has funds which is used to withdraw cash from. Cash is not withdrawn from the telephone company. This has nothing to do with any of the retailers. The issue is that if a card user has available funds in his/her card and that card user desires to have cash, the card user can withdraw cash from his available funds in their card from an ATM or merchant having the capability to provide such a service. Thus, the TELECO does not provide funds to the card user. It is done at a merchant or retailer that is capable of providing such a service.

In regard to the second reference, namely, Walker et al., Appellant states that in Walker et al. the cardholder designates the second retailer and therefore there is no exclusive use.

In response, the Examiner disagrees with the Appellant's assertion because in a giftcard was not explicitly stated in the Risafi et al reference. The Walker et al reference was applied to denote teachings of a giftcard not for a second retailer where a card can be exclusively be used. The teachings of a second retailer where a card can be exclusively used are taught by Walker et al. as discussed above.

Appellant then argues that in Walker et al, the certificate is being issued by a credit card issuer and the invention of Walker et al

In response, the party or entity that issues the card has nothing to do with how the card is used or by whom the cardholder is being used in respect to a first or second retailer because one or more entities must issue the card before the card becomes available to a customer. Thus, in all the references and as noticed in the instant entity, an entity must issue the card (giftcard or card to purchase goods/services) so that the said card must become available to use by a cardholder. Moreover, the motive of a card is to reduce fraud caused by the use of convenience cash.

Appellant then argues that in Walker et al, there is no exclusivity at all because the recipient of the gift certificate designates the second retailer and the gift certificate is redeemable at any merchant.

In response, Walker et al has been applied to denote teachings of a giftcard. The exclusivity notion is noted to be taught by Risafi et al as designated or participating merchants. Furthermore, exclusivity does not imply preventing a user from designating a merchant to use the card.

(11) Related Proceeding(s) Appendix

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

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